



Hog Prices: ↑ Soymeal: ↑
Corn: ↑ CDN Dollar: ↑

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 24, 2017

For details call: (204)235-2237 or visit
www.hamsmarketing.ca

Forward contract prices opened higher this morning. US cash markets are finishing this holiday reduced work week with steady bids. Yesterday's US Thanksgiving holiday always results in a 'reset' of negotiated prices as producers are likely at their maximum production level for the year while packers are forced to cut their production levels due to the statutory holiday that always lands on a Thursday. The addition of the new plants that continue to ramp up their production this fall has likely helped keep the spread between wholesale pork prices and live hog values tighter relative to what they would have otherwise been. The latest Cold Storage report showed manageable supplies of pork in inventory, but the normal draw down of supplies was slower than last year or the 5-year average. If this trend continues, it may be an indicator that retail/wholesale pork prices will need to fall in order to clear the market of its supply. Lean hog futures experienced a sharp recovery on Wednesday's close, taking forward prices in the spring/summer timeframe within \$3.00 CAD/MT of the highest level that we have seen so far.

Canadian delivered soymeal prices opened higher this morning. The old adage suggesting traders buy ahead of Thanksgiving and sell the day after has been upheld this year and there are some factors to rationalize the pressure seen this morning. Export sales, for example, came in lower than the lower estimate of market expectations and were down 235,700 MT from the previous week to 869,100 MT and considered poor. To put that into perspective, exports have come in over 1 MMT in each of the last seven weeks, four of which came in higher than 2 MMT. Most of that has been destined for China where we have also learned bean exports to the country have improved 12.4% over the last 12 months, and 15.3% in terms of the year to date.

US corn futures opened mixed to higher this morning. The mixed-to-higher trade bucks the 'sell after Thanksgiving' trend this year, likely a function of strong export sales. US corn exports came in at 1.08 MMT compared to the 0.9 to 1.3 MMT estimate and 0.949 MMT last week. This was an improvement in sales which haven't seen an export level over 1 MMT since July 27 and represents some good news for the market that needs it. Not much US corn is destined for the Chinese market and Mexico remains the number one US customer by far. However, the closely-watched Chinese market has shown a 408% increase in volume in the last 12 months, but came in lower by 22% in terms of the year to date, underscoring Chinese market inconsistencies.

US Slaughter	
459,000	Wednesday
443,000	Year Ago

Daily Prices	
W. Corn Belt	\$56.81
National	\$65.37
Iowa/S. MN.	\$56.81
Signature 5	\$139.97
HyLife (prev. day)	\$147.13
Britco (prev. day)	\$132.11
TCP/BP2	\$139.97

BoC Rate (Noon) prev. day
\$1.2715 CAD / \$0.7865 USD

Cash Prices Week Ending November 25, 2017	
Signature 3	132.76/60.22
Signature 4	149.25/67.70
Signature 5	141.00/63.96
h@ms Cash	139.50/63.28
HyLife	147.55/66.93
Britco	135.66/61.53
TCP/BP2	144.91/65.73

Year-to-Date Top-Up Estimate	
\$3.90/ckg (call for details)	
ISO Weans	\$47.06 US Avg.
Feeder Pigs	\$56.21 US Avg.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5			140.24 151.58	152.15 155.19	154.09 161.81	161.67 161.78	165.17 177.59	175.46 187.20	177.78 182.62	174.44 180.38	152.76 166.81	150.28 154.04
Soymeal Wpg Delivered.	445	445	450	454	454	457						

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Thursday, December 14
Keystone Centre - Brandon, MB
10:00 AM to 4:30 PM

Exhibitor Booths
Luncheon (\$12/meal)
Pork Quality Competition